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LICENSEE AND
DISTRIBUTOR OF
OLYMPIC PRODUCTS

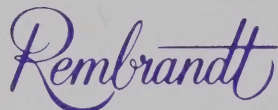
DÉTENTEUR DE LICENSES
ET DISTRIBUTEUR DE
PRODUITS OLYMPIQUES

"Support Canada's
Olympic Teams"



INTERIM REPORT

FOR THE SIX MONTHS ENDED DECEMBER 31, 1974



JEWELRY LIMITED

To Our Shareholders:

Sales for the six months ended December 31, 1974 were \$5,287,405, an increase of 20.7 per cent over sales of \$4,380,835 for the same period in 1973. Net earnings rose 60 per cent from \$454,855 to \$727,320, and earnings per share were 72¢ compared to 45¢.

An important new market for Rembrandt is being opened up by our manufacture and distribution of Olympic commemorative and souvenir jewellery, under exclusive license. This Olympic range of jewellery is to be marketed across Canada, and sales will gather momentum over the coming months.

Construction is now under way on our new 100,000 sq. ft. Scarborough plant and offices. The move into this building will complete the integration of the operations of Rembrandt Jewelry and our subsidiary, The Electric Chain Company of Canada Ltd.

Rembrandt profitability is linked to volume sales as much as product quality. We are confident that the remainder of 1975 will show continuing increases in both sales and profits.

On behalf of the Board

Lorne Abrams
President

March 12, 1975

Interim Statement of Earnings (unaudited)

	Six months ended December 31	
	1974	1973
SALES	<u>\$5,287,405</u>	<u>\$4,380,835</u>
Earnings from operations before the following charges:	<u>\$1,534,398</u>	<u>\$ 945,143</u>
Depreciation	35,330	21,092
Interest on short-term debt	79,137	66,277
Interest on long-term debt	165,932	71,606
Income taxes	526,679	331,313
Net earnings for the period	<u>\$ 727,320</u>	<u>\$ 454,855</u>
Net earnings per common share	<u>\$0.72</u>	<u>\$0.45</u>
Common shares outstanding	1,006,150	1,000,000

Statement of Changes in Financial Position (unaudited)

	Six months ended December 31	
	1974	1973
SOURCES OF WORKING CAPITAL		
Operations		
Net earnings for the period	\$ 727,320	\$ 454,855
Depreciation and amortization	35,330	21,092
Deferred income taxes	26,182	48,009
Funds provided from operations	<u>788,832</u>	<u>523,956</u>
Increase in long-term bank indebtedness	536,060	1,200,000
Proceeds from sale of fixed assets	—	5,415
Proceeds from sale of capital stock	4,313	—
Working capital acquired on purchase of subsidiaries	—	662,801
	<u>1,329,205</u>	<u>2,392,172</u>
USES OF WORKING CAPITAL		
Investment in subsidiary	—	\$1,090,448
Investment in corporate joint venture	—	41,741
Purchase of fixed assets	952,026	276,560
Repayment of promissory notes	—	72,291
	<u>952,026</u>	<u>1,481,040</u>
INCREASE IN WORKING CAPITAL	<u>377,179</u>	<u>911,132</u>
WORKING CAPITAL BEGINNING OF PERIOD	<u>2,925,150</u>	<u>840,499</u>
WORKING CAPITAL END OF PERIOD	<u>\$3,302,329</u>	<u>\$1,751,631</u>

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INVESTOR RELATIONS CANADA LIMITED

20 EGLINTON AVENUE EAST
TORONTO 12, ONTARIO

TELEPHONE 481-4438

FOR IMMEDIATE RELEASE

CONTACT: JAMES O'NEILL

ON BEHALF OF:

Rembrandt Jewelry Limited
890 Progress Avenue
Scarborough, Ontario M1H 3T5

President: Mr. Lorne Abrams
(416) 438-6151

TORONTO August 26, 1974: Substantially increased sales and earnings are announced by Mr. Lorne Abrams, President of Rembrandt Jewelry Limited, for the six months fiscal period ended June 30, 1974. The shortened fiscal period is the result of a change in the company's year end, from December 30 to June 30.

Net earnings per common share for this period were \$1.14 - more than triple the net earnings of 31¢ for the equivalent six months last year, and in fact higher than those for the entire twelve months ended December 30, 1973. Management expects this upward trend to continue. The figures are:

	1974 6 months to June 30	1973 6 months to June 30 (unaudited)	1973 12 months to December 30
Consolidated Sales	\$5,788,411	\$2,041,113	\$6,421,948
Earnings before Extraordinary Item	985,860	309,320	764,175
*Extraordinary Item	155,961	-	-
Net Earnings for the Period	1,141,821	309,320	764,175
Earnings Per Common Share:			
Before Extraordinary Item	\$0.98	\$0.31	\$0.76
Net for the Period	\$1.14	\$0.31	\$0.76

* The extraordinary item was the sale on June 26, 1974 of the corporation's 30% interest in Ecco (U.K.)

contd...

Announcing these record sales and earnings figures, President Lorne Abrams stated that Rembrandt had changed its fiscal year to avoid inventory-taking and fiscal requirements during the Christmas peak sales period.

The corporation has effectively integrated the Toronto-based Electric Chain Company into its operations, and Mr. Kenneth T. Boddy, President and Chief Executive Officer of Electric Chain, is now a member of Rembrandt's board of directors. Rembrandt's 30% equity interest in the U.K. marketing company, Ecco Jewellery Limited, has been sold in favour of a long-term contract as suppliers to Ecco (U.K.) on a regular trading basis.

Mr. Abrams announced plans to centralize Rembrandt and Electric Chain operations in a new 100,000 sq. ft. head office and plant, to be constructed on a recently-acquired seven-acre site in Metropolitan Toronto. This will be equipped to be the most modern jewellery factory in Canada.

"Rembrandt is soundly situated to obtain an increased share of the growth jewellery market," said Mr. Abrams. "We have obtained sole right to design and market symbols of the Canadian Olympic Association for all jewellery for the 1976 Summer Olympic Games. Achievements such as this will play a significant role in increasing Rembrandt sales and earnings."

Rembrandt is well-established as Canada's major manufacturer of charms and commemorative jewellery, and Electric Chain has long been the largest Canadian manufacturer of karat gold, gold-filled and sterling silver chains for neckwear, bracelets and jewellery fabrication. The corporation is Canada's leading exporter of quality jewellery.

According to these record sales and earnings figures, President Adams stated that Rembrandt had changed its fiscal year to avoid inventory-taking and fiscal requirements during the Christmas peak sales period.

The corporation has effectively integrated the Toronto-based Electric Chain Company into its operations, and Mr. Kenneth T. Boddy, president and chief executive officer of Electric Chain, is now a member of Rembrandt's board of directors. Rembrandt's 50% equity interest in the U.K. marketing company, Ecco Jewellery Limited, has been sold in favour of a long-term contract as suppliers to Ecco (U.K.) a regular trading partner.

Mr. Adams announced plans to centralize Rembrandt and Electric Chain operations in a new 100,000 sq. ft. head office and plant, to be constructed on a recently-acquired seven-acre site in Metropolitan Toronto. This will be equipped to be the most modern jewellery factory in Canada.

Rembrandt is steadily situated to obtain an increased share of the premium jewellery market," said Mr. Adams. "We have obtained sole rights to sell and market symbols of the Canadian Olympic Association for the 1976 Summer Olympic Games. Achievements such as this will play a significant role in increasing Rembrandt sales and earnings."

Rembrandt is well-established as Canada's major manufacturer of chains and commemorative jewellery, and Electric Chain has long been the largest Canadian manufacturer of karat gold, gold-filled and sterling silver chains for neckwear, bracelets and jewellery fabrication. The corporation is Canada's leading exporter of quality jewellery.